
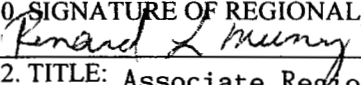


TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 0 4 - 0 1 1	2. STATE GEORGIA
FOR: HEALTH CARE FINANCING ADMINISTRATION		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE July 1, 2004	
5. TYPE OF PLAN MATERIAL (Check One):			
<input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 447.53, 54' 42 CFR 331.332		7. FEDERAL BUDGET IMPACT: a. FFY 2004 \$(400,210) b. FFY 2005 \$(7,969,839)	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 3.1-A, p 5a Attachment 4.19-B, p 2		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 3.1-A, p 5a Attachment 4.19-B, p 2	
10. SUBJECT OF AMENDMENT: ADJUSTMENT TO PHARMACY SERVICES			
11. GOVERNOR'S REVIEW (Check One):			
<input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> OTHER, AS SPECIFIED:			
<input checked="" type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED			
<input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO:	
13. TYPED NAME: MARK TRAIL		Department of Community Health Medical Assistance Plans 2 Peachtree Street, N.W. Atlanta, Georgia 30303-3159	
14. TITLE: CHIEF, MEDICAL ASSISTANCE PLANS			
15. DATE SUBMITTED: 9/30/04			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: OCT 04 2004		18. DATE APPROVED: NOV 23 2004	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: JUL 01 2004 and SEP 01 2004		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: Renard L. Murray, D.M.		22. TITLE: Associate Regional Administrator Division of Medicaid & Children's Health	
23. REMARKS: Approved with the following effective dates: Attachment 3.1-A, Page 5a is effective September 1, 2004 Attachment 4.19-B, Page 2, is effective July 1, 2004			

12a. **PRESCRIBED DRUGS**

Limitations

Pharmacy services will be provided to recipients under age 21 for medically accepted indications when these services are provided within the laws and regulations governing the practice of pharmacy by the State.

The Department will pay for no more than six (6) prescriptions, new or refills, per recipient under twenty-one (21) years of age and no more than five (5) prescriptions, new or refills, per recipient over 21 years of age per calendar month unless an exception has been obtained to exceed the limit, or the physician documents that the prescription was for an emergency.

Covered Services

Drugs, for which Medical Assistance reimbursement is available, are limited to the following:

Covered outpatient drugs of any manufacturer that has entered into and complied with an agreement under Section 1927(a) of the Act, which are prescribed for a medically accepted indication.

As provided by Section 1927(d)(2) of the Act, certain outpatient drugs may be excluded from coverage. Those excluded are:

- A. Agents used for anorexia or weight gain.
- B. Agents used to promote fertility.
- C. Agents used for cosmetic purposes or hair growth.
- D. Agents used to promote smoking cessation.
- E. Drugs identified by the Centers for Medicare & Medicaid Services (CMS) as less than effective (DESI), as provided under section 1927(k)(2).
- F. Barbiturates, except Seconal, Phenobarbital and Mebaral.
- G. Prescription vitamins and mineral products except prenatal vitamins and fluoride preparations that are not in combination with other vitamins and Carnitor. Vitamin E and Coenzyme Q are covered under medical necessity for <21. Children's multiple vitamins in combination with fluoride will be covered for members 21 years of age or less when documented as medically necessary. Legend prenatal vitamins are covered for women.
- H. Nonprescription drugs with the following exceptions: multi-vitamins and multiple vitamins with iron for members less than 21 years of age (chewable or liquid drops), enteric coated aspirin (covered under per diem for nursing home members), PEN-X, ibuprofen suspension for members <21, OTC folic acid, diphenhydramine, insulin, NIX, iron, KLOUT, Lice-B Gone, meclizine, insulin syringes and urine test strips. Effective on or after September 01, 2004, generic Over-the-Counter (OTC) nonsedating antihistamines, H-2 Receptor antagonists, and proton pump inhibitors, and topical antifungals will be covered. The following medications are covered **ONLY FOR ESRD PATIENTS** when the physician has certified them for a medically accepted indication through the Prior Approval process. These drugs are exempt from the monthly prescription limit. All strengths and dosage forms of each drug entity are covered with some exceptions. Covered drugs include: Calcium Carbonate, Aluminum Hydroxide, Calcium Acetate, Calcium Carbonate with Glycine, Calcium Lactate, Dioctyl Sodium/Calcium Sulfosuccinate, Niacin, Pyridoxine Hydrochloride, Thiamine Hydrochloride, Vitamin B Complex
- I. Benzodiazepines for members 21 years of age and over, except as described in Appendix B, Section 3, of the Policy and Procedures Manual for Pharmacy Services.
- J. Agents when used for the symptomatic relief of cough and colds for members 21 years of age and over.
- K. Topical Vitamin A derivatives for members > 21 years old.
- L. Agents prescribed for any indication that is not medically accepted.
- M. Non-participating rebate manufacturers.

POLICY AND METHODS FOR ESTABLISHING PAYMENT RATES
FOR OTHER TYPES OF CARE OR SERVICES

d. Prescribed Drugs

1. Medicaid pays for prescribed legend and non-legend drugs authorized under the program. Reimbursement for covered multiple source drugs shall not exceed the lowest of:
 - (a) The federal mandated upper limit for certain multiple source drugs as established and published by CMS plus a reasonable dispensing fee as established in item 2; or
 - (b) The Georgia Maximum Allowable Cost (GMAC) as established by the Department for additional multiple source drugs plus a reasonable dispensing fee as established in item 2 below; or
 - (c) The Georgia Estimated Acquisition Cost (GEAC) for multiple source drugs plus a reasonable dispensing fee as established in item 2 below; or
 - (d) The usual and customary charge as defined below by the Department for the prescription.

Reimbursement for covered drugs other than multiple source drugs shall not exceed the lower of:

- (a) The GEAC for all other drugs plus a reasonable dispensing fee as established in item 2 below.
- (b) The usual and customary charge as defined by the Department for the prescription.

GEAC is defined as the average wholesale price (AWP) of the drug less an 11% discount for all drugs.

The Department defines usual and customary as the lower of the lowest price reimbursed to the pharmacy by other third party payers (including HMOs); or the lowest price routinely offered to any segment of the general public. Donations or discounts provided to charitable organizations, or fees charged to or paid by federal or state funded programs are not considered usual and customary charges.

2. The dispensing fee for profit and non-profit community pharmacies is based on periodic surveys of pharmacy operating costs including professional salaries and fees, overhead costs and reasonable profit. Between these periodic surveys, the Department, in consultation with the Pharmacy Advisory Committee and the Governor's Office of Planning and Budget, reviews the fee. When appropriate, the fee is adjusted based on an inflation factor. The current fee is \$4.63 for profit pharmacies and \$4.33 for non-profit pharmacies. The Medicaid dispensing fee shall be \$4.63 for profit pharmacies and \$4.33 for non-profit pharmacies for each non-generic or non-preferred drug dispensed by the pharmacy; and \$5.13 for profit pharmacies and \$4.83 for non-profit pharmacies for each generic or preferred drug dispensed by the pharmacy. The dispensing fee paid by the Department shall be subject to the usual and customary charge as defined by the Department above.